ASX / Media Release 29 October 2020

Quarterly Update

For the quarter to 30 September 2020

Q1 Summary:

- Q1 results: COVID-19 lockdown in Victoria affected new sales activity and temporarily subdued growth
  - Annual Recurring Revenue (**ARR**) of $5.69m, up 4.5% from $5.45m on previous quarter
  - Q1 Revenue of $1.29m, 1% above the previous quarter
  - Cash receipts for the quarter were $1.25m, compared to $1.32m in Q4 FY20.
  - Cash payments in the quarter were $2.12m, maintaining positive trajectory since Q3 FY20
  - Available funds at 30 September 2020 were $1.61m, comprising cash at bank of $1.16m and $0.45m of undrawn standby credit facility. Cash burn is expected to reduce further in the coming quarters.
- Improving SaaS Unit Economics QoQ underpin growth strategy
  - Portfolio LTV up $18.7m to $108.1m QoQ
  - LTV / CAC ratio up from 7.0 to 8.7 QoQ
  - Annualised Customer Retention Rate improved from 94% to 95% QoQ
- New strategic revenue share partnership agreement with Buy-Now-Pay-Later (BNPL) company Openpay (ASX:OPY). Pilot expected to go live in Q2 and become revenue generating from 2HFY21. MyHealth1st to be used to help practices introduce the Openpay BNPL option to their patients and Openpay to promote adoption of MyHealth1st to their significant healthcare network.
- Improved Q2 Outlook
  - Good recovery in customer sales confidence in September and October driving improvement in sales pipeline.
  - Customer activations/upsells in Q1 increased monthly recurring revenue by $38k which will be fully realised in Q2 pointing to stronger revenue growth in Q2.
- FY21 growth will be supported by the major landmark agreements (with Medibank Private, Benestar and St. Vincent's Health Australia) reaching scale, uptake of the company's new products and services and progress with our new strategic partners like Openpay.

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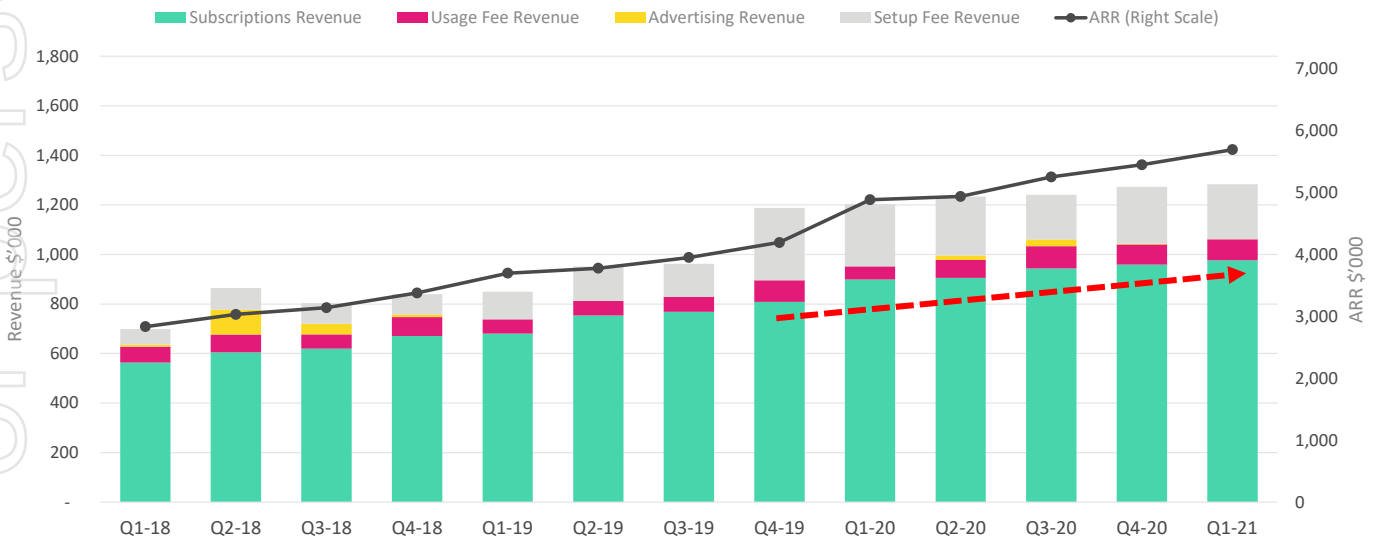
1st Group Limited (ASX: 1ST), the Australian digital health group, today announced its results for the quarter ended 30 September 2020. Results presented for the quarter are unaudited.

Klaus Bartosch, Co-Founder and Managing Director commented, *"Q1 was a frustrating and disappointing quarter for 1st Group. While we have resilient subscription and usage revenue streams, the COVID restrictions, particularly in Victoria, impacted our ability to close new sales and temporarily subdued revenue growth.*

Encouragingly, sales started to recover in September and October, and we had strong activations in the latter half of Q1 giving us a more positive sales and revenue growth outlook for Q2. We conservatively expect COVID restrictions will continue to create challenges and uncertainty for our customers for the next 6-12 months. We have good engagement with our landmark contracts and onboarding of practices is continuing. 1st Group's platform investments are also positioning us well to benefit from the accelerated market changes to online health and new delivery technologies.

In FY21 our financial performance will be supported by the maturing of the major landmark agreements, uptake of the company's new products and services and progress with our new partners like Openpay. We will continue to expand our market presence and start to monetise more of the consumer interactions on our platforms in ways that add significant value to our clients and shareholders."

Quarterly Revenue and ARR



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The Q1FY21 revenue result does not include the positive the impact of sales and onboarded customers made late in the quarter and sales momentum which has continued into Q2, including:

- Increased recurring revenue of $38k/month activated late in Q1 which will be realised in Q2
- Stronger October sales results which are above trend, and which will contribute to further growth in Q2
- Significant progress made on the landmark agreements

Annual Recurring Revenue (**ARR**) of $5.69m, up 4.5% from $5.45m on previous quarter. Portfolio Life-Time Value up $18.7m to $108.1m compared to Q4 FY20.

SaaS Metrics (See Glossary for detailed description and calculation basis)

OVERVIEW	Q1FY21	Q4FY20	Q1FY20
ARR – Annual Recurring Revenue*	$5.69m	$5.45m	$4.88m
New ACV Added in the Quarter	$151k	$180k	$450k
ACV at end of Quarter	$6.69m	$6.54m	$5.92m
Annualised Customer Retention Rate	95%	94%	97%
CAC per new Site	$1,086	$1,132	$821
LTV per Site	$9.5k	$7.9k	$16.1k
LTV/CAC ratio	8.7	7.0	19.6
Portfolio LTV	$108.1m	$89.4m	$165.8m

*Note: ARR is the value of all recurring monthly revenues at the end the quarter normalised to a one-year period. ARR includes all revenue streams that are reliably recurring on a monthly basis.

Other Key Performance Indicators

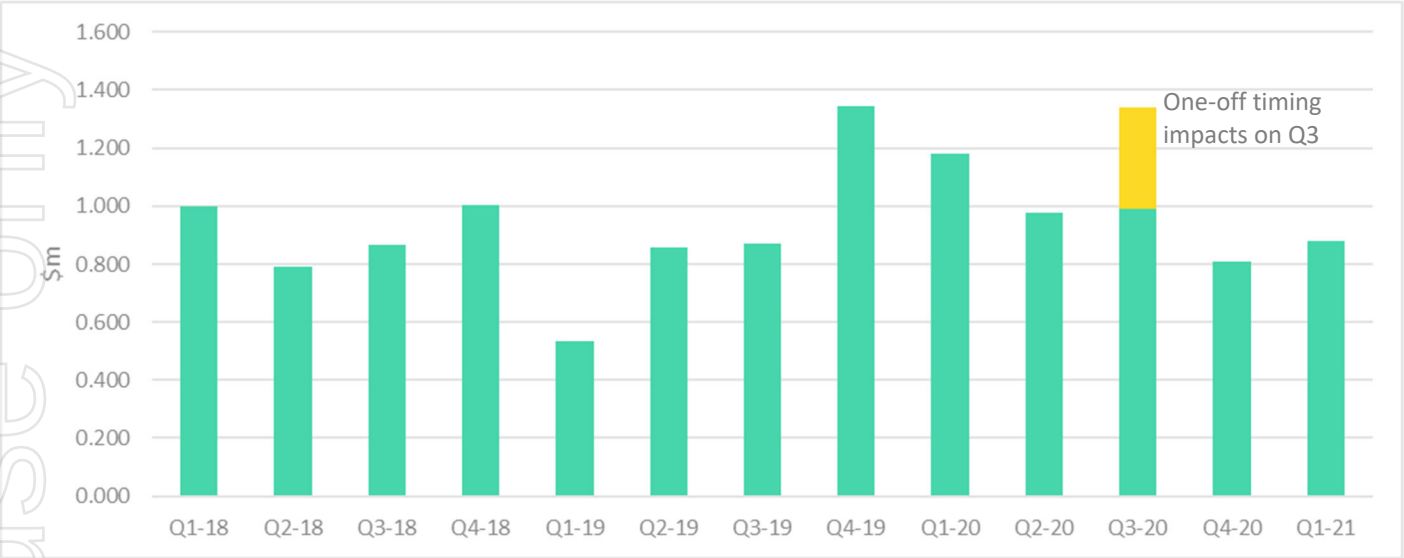
OVERVIEW	Q1FY21	Q4FY20	Q1FY20
Number of Sites	11,406	11,334	10,079
Products per Site	1.71	1.71	1.59
Subscription Fees	$976k	$959k	$899k
Advertising Revenue	$3k	$3k	$0k
Usage Fees	$85k	$83k	$53k
Total Revenue	$1,285k	$1,273k	$1,204k

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Net Cash Flows

Net cash used in operating activities from FY18 onwards is set out in the following table:



- Cash receipts for the quarter were $1.25m, compared to $1.32m in Q4 FY20. Cash payments in the quarter were $2.12m, compared to $2.12m in Q4 FY20. Quarterly net operating cash outflow was $878k.
- As required to be noted by the recent ASX Compliance Update and included in the Appendix 4C, during the quarter $119k in routine payments were made to related parties and their associates, being wages for the CEO/Managing Director and independent Directors/Chairman remuneration including superannuation as applicable.

Available funds at 30 September 2020 were $1.61m, comprising cash at bank of $1.16m and $0.45m of undrawn standby credit facility. Cash burn is expected to reduce further in the coming quarters.

Given the company's growth prospects and progress, cornerstone shareholder Mr John Plummer has agreed to increase the current convertible loan facility to the company should it be required which represents a low cost of capital, on the same terms, from $2m to $3m. The Board appreciates John's ongoing support.

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Landmark Agreements Update

COVID-19 caused unexpected delays to previously announced landmark agreements. We made significant investment in these projects during FY20. Considerable progress has been made in recent weeks and we now expect these projects to mature during FY21.

- Benestar: To bring onto the MyHealth1st platform around 2,600 mental health practitioners to simplify the allocation of cases to practitioners outside of their internal network
- St Vincent's: Expansion of the St Vincent's project into other regions is expected to re-commence in FY21 having been paused due to COVID-19.
- Medibank: Discussions are ongoing regarding timing of the expansion to more dental practices now that dental businesses have re-opened.

Improved Q2 Outlook

1st Group expects to deliver stronger revenue growth in Q2. Since September, customers' confidence and activity levels have been recovering, driving an improvement in our sales pipeline.

Customer activations/upsells in Q1 increased monthly recurring revenue by $38k which will be fully realised in Q2 pointing to stronger revenue growth in Q2.

FY21 growth will be supported by the major landmark agreements reaching scale, uptake of the company's new products and services and progress with our new strategic partners like Openpay.

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This announcement has been approved for release by the Board of Directors.

Further information

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About 1st Group Limited

1st Group is an ASX listed digital health group building Australia's leading health services marketplace, MyHealth1st.com.au, Australia's online pet service marketplace PetYeti.com.au and corporate and government solutions platform GoBookings.com. These integrated platforms provide an easy to use online search and appointment booking service and offer a range of value-added apps and services that facilitate digital patient and customer engagement. We improve lives by connecting consumers to a variety of healthcare services and information anytime, anywhere, so they can get well sooner and stay well longer. To find out more visit 1stGrp.com, MyHealth1st.com.au, PetYeti.com.au and GoBookings.com.

Glossary

Term	Definition
Annualised Contract Value (ACV)	Represents the annual expected revenue from contracted customers for subscription products including Online Bookings, EasyEngage, EasyCheck-in Kiosks. Excludes potential variable revenue from set up, Usage Fees and advertising.
ACV Churn Rate	ACV Churn Rate is an annualised figure calculated by taking twelve times the average monthly churn rate over the previous twelve months. The monthly churn rate is the ACV from customers who leave 1st Group in a month as a percentage of the total ACV at the start of that month.
Annual Customer Retention Rate (ACRR)	100% – ACV Churn Rate.
Annual Recurring Revenue (ARR)	ARR is the value of all recurring monthly revenues in a month normalised to a one year period. ARR includes all revenue streams that are reliably recurring on a monthly basis.
Gross Margin	Gross Margin is Revenue minus Cost of Services (COS), which includes hosting costs, third party and transaction costs such as cost of SMS messages and credit card merchant fees.
CAC	Customer Acquisition Cost (CAC) is all marketing and direct sales costs for new customer acquisition for the year divided by the new sites added in the period.

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	Formula: Last 12 months CAC / no. of new sites added
LTV	Lifetime value (LTV) is the gross margin expected from a customer over the lifetime of that customer. This is calculated by the average customer lifetime (1 divided by churn), multiplied by the ACV and gross margin %. Formula: ACV per site x Gross Margin % / ACV churn rate
LTV/CAC	LTV per site / CAC per new site
Portfolio LTV	LTV per site x no. of sites

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